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FM AMEMBASSY TOKYO

TO RUEHC/SECSTATE WASHDC PRIORITY 5761

RUEKJCS/SECDEF WASHDC PRIORITY

RUCPDOC/USDOC WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY

RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY

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RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY

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INFO RUEHFK/AMCONSUL FUKUOKA 6121

RUEHNH/AMCONSUL NAHA 8453

RUEHNAG/AMCONSUL NAGOYA 3533

RUEHKSO/AMCONSUL SAPPORO 6634

RUEHOK/AMCONSUL OSAKA KOBE 9930

RUEHBJ/AMEMBASSY BEIJING 0661

RUEHMO/AMEMBASSY MOSCOW 2995

RUEHUL/AMEMBASSY SEOUL 7324

RUCNDT/USMISSION USUN NEW YORK 6950

RHEHAAA/NSC WASHDC

UNCLAS TOKYO 001972

SIPDIS

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E.O. 12958: N/A

TAGS: OTIP KMDR KPAO JA

SUBJECT: TOKYO MEDIA REACTION - REAPPOINTMENT OF FED CHAIRMAN BERNANKE

**¶1. LEAD STORIES:** Top stories on Thursday morning included an Asahi prediction for the August 30 general election in Japan that the largest opposition party DPJ could win as many as 320 seats, two-thirds of the total seats in the Lower House.

**¶2. "Next Four Years to Be Challenging"** The liberal Mainichi editorialized (8/27): "There seems to be a prevailing view that the decision to reappoint Federal Reserve Chairman Bernanke was appropriate, as his swift and bold dealing of the financial crisis was evaluated highly.... He will face real challenges in the next four years, though.... He will first need to boost the economy to make it sound and stable. He will also need to determine when to wrap up the emergency measures."

**¶3. "Swift Settlement Aimed at Achieving Market Stability"** The moderate Yomiuri wrote in an editorial (8/27): "It was a swift settlement that offered reassurance to the markets.... The markets place great confidence in Bernanke, and support for his reappointment was strong. The decision by the President was appropriate.... However, Chairman Bernanke will face many challenges in his second term. It is certain that he will have difficulties in dealing with those challenges."

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